

## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

### 2010 CAPITAL BUDGET SUMMARY

The Gallatin County Capital Budget for FY 2010 includes funding of projects put forward by Elected Officials and Department Heads, Reviewed and Recommended by the Capital Improvement Program Committee and Approved by the County Commission. The FY 2010 Capital Budget identifies those items that will be funded during the current year. Some items will be expended over multiple years. The following table gives a brief description of the project, current estimated total project cost, and the FY 2010 Budget for the project.

Summary of 2010 Capital Projects			
<u>Description</u>	<u>Project</u>	<u>Expended</u>	<u>2010 Budget</u>
Open Space Acquisition	\$20,000,000 (plus intrst.)	\$ 15,681,943	\$ 4,604,238
Dispatch Building – Equipment	3,574,200	1,968,050	1,606,150
Detention Center	37,580,939	6,080,939	31,500,000
Mental Health Building	2,500,000	-0-	1,000,000
City / County Court Building	18,909,250	-0-	Future year
Law Enforcement Building	17,523,800	-0-	Future year
Noxious Weed Complex	750,000	-0-	Future year
Capital Equipment (county accounts)	-0-	-0-	1,535,114
Capital Equipment (special districts)	-0-	-0-	12,011,773
<b>Total</b>	<b>107,404,529</b>	<b>23,730,932</b>	<b>\$52,257,275</b>

### CAPITAL BUDGET PROCESS OVERVIEW

The attached Gallatin County 2010 Capital Budget is prepared with the combined efforts of the County Commissioners, Planning Board, County Administrator, Finance Office, Capital Improvement Program Committee and various subcommittees that focus on specific project issues. Through this joint effort, capital expenditures are managed in a structured process designed to maintain the County's infrastructure for today's needs as well as meeting long range growth projections. These organizations have contributed vital support in preparation of this 2010 budget submittal.

In 2002, Gallatin County adopted an initiative designed to improve management of the county's capital expenditures<sup>1</sup>. The goal of this initiative is to provide county Commissioners with decision-making tools that identify, prioritize, finance and implement projects throughout the county.

To accomplish this goal the County created the Capital Improvement Program Committee (CIPC). Comprised of both county staff and citizen volunteers, this Committee provides capital investment recommendations to County Commissioners and is charged with 2:

- Acting as the central planning body for review and recommendation on capital projects over \$50,000
- Formulate policy, plans and programs for recommending capital programs
- Identify deficiencies and recommend individual capital projects to the County Planning Board and County Commission
- Raise public awareness
- Implement appropriate evaluation to assess success and shortcomings

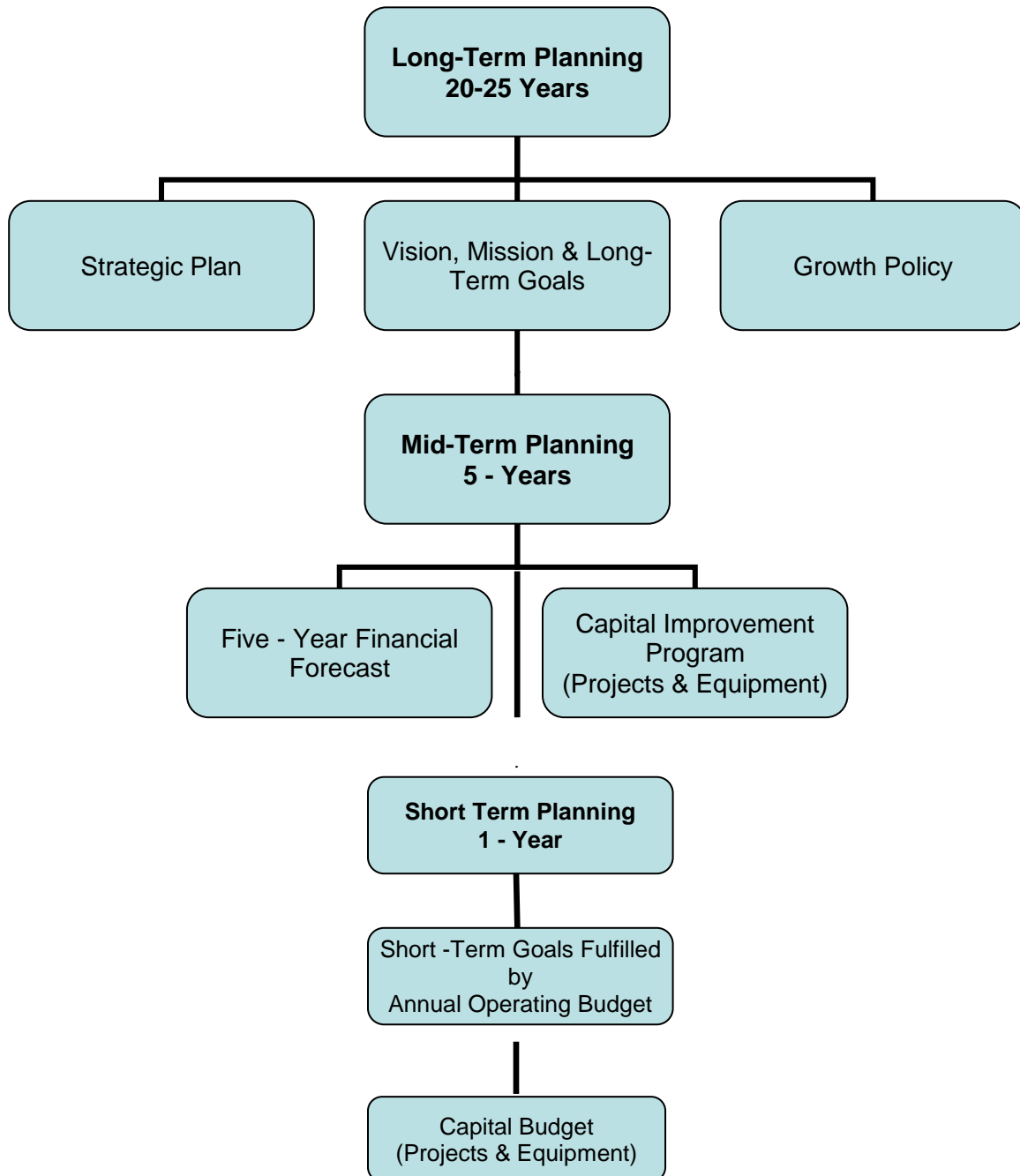
The capital budget is separate and distinct from the County's operating budget for several reasons. 1) capital outlays reflect non-recurring capital improvements rather than ongoing expenses. Where possible, capital projects are funded from nonrecurring funding sources such as debt proceeds and grants; these one-time revenue sources are not appropriate funding sources for recurring operating expenses. 2) Capital projects tend to be of high cost (greater than \$50,000), requiring more stringent control and accountability.

<sup>1</sup> Gallatin County Resolution 2002-031, and MCA 7-6-616

<sup>2</sup> Capital Improvement Programs Committee, Amended By-Laws, Feb. 15, 2006

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To provide direction for the capital program, the County Commission has adopted policies relating to the Capital Improvement Program and the Capital Budget, which are discussed later in this section. The following chart shows the hierarchy of the County's layered planning processes, which support one another and are designed with a common goal. The chart depicts how the Capital Improvement Program, the Annual Operating Budget, and the Capital Budget fit within the county's planning process hierarchy.



# CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

## CAPITAL PLANNING AND CIPC PROCESS

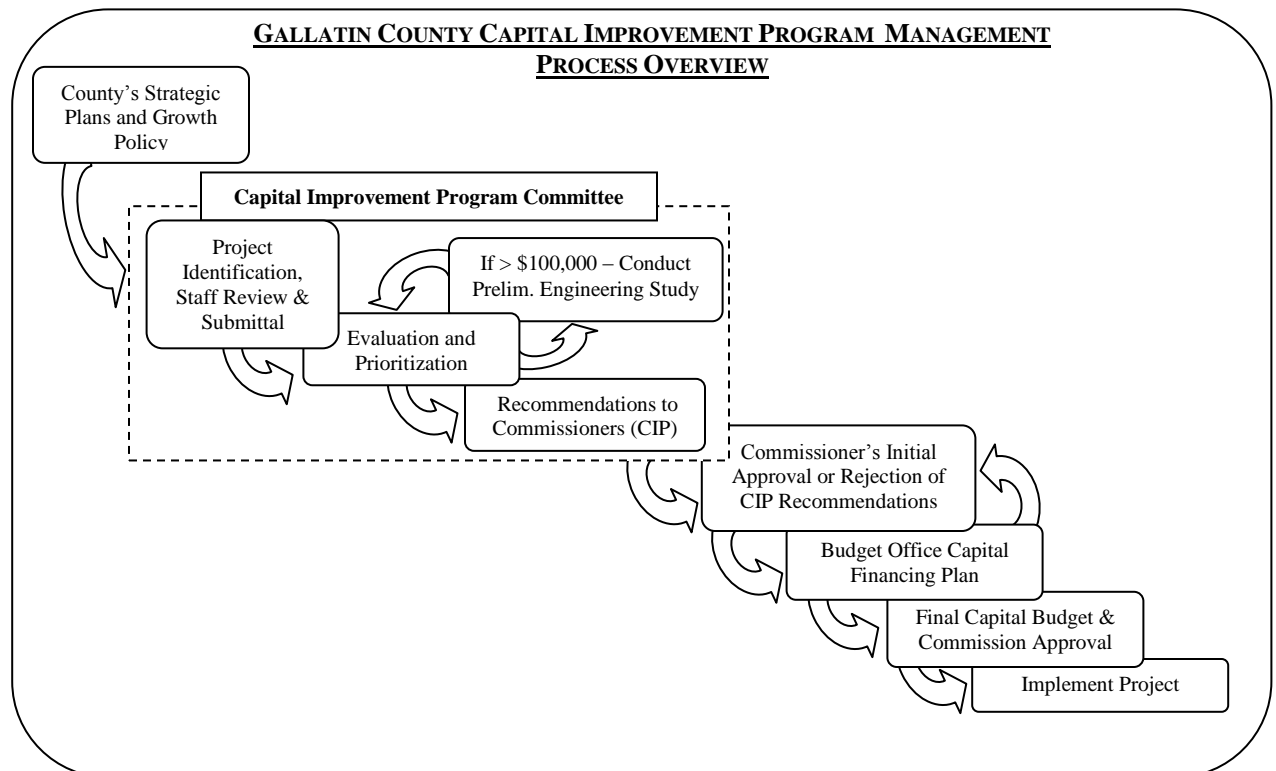
Capital Planning refers to the process of identifying and prioritizing County capital needs for determining which capital projects should be funded in the capital budget as resources become available. Countywide planning is guided by the Gallatin County Strategic Plan and the Growth Policy. These plans provide long term direction for the growth and development of the County.

To support the County's short term and long term objectives, the Capital Improvement Planning Committee addresses all capital expenditures to systematically plan, schedule, and finance projects to ensure cost-effectiveness as well as conformance with established policies. The CIPC creates a Capital Improvement Plan (CIP) which is a five-year plan organized into the same functional groupings used for the operating programs. The CIP will reflect a balance between capital replacement projects that repair, replace or enhance existing facilities, equipment or infrastructure; and capital facility projects that significantly expand or add to the County's existing fixed assets.

The CIPC's plan projects the county's capital projects and capital equipment needs over the course of current year's budget plus the next five years. Even though each year's plan addresses a six year forecast, the Committee views the long term needs of the County's infrastructure based largely on population growth forecasts. Once approved by the County Commissioners, the first year's CIP projects become part of the Capital Budget. These capital projects represent one year of the five-year CIP and it is a component of the Annual Operating Budget. Unlike the CIP plan, the Capital Budget represents the approved capital items contained in the current year Annual Operating Budget.

The CIPC is comprised of 9 voting members, including one elected official and one department head and a non-voting County Commissioner. The balance of the CIPC are Gallatin County citizens represented by geographical diversity and/or representatives from business, construction and finance industries. The CIP is prepared under the direction of the County Administrator (CA).

The CIP update begins in late Fall when the CIPC prepares packets for distribution to Elected Officials and Department Heads. The CIPC sends the packets to Elected Officials, Agencies and Department Heads. These packets explain the goals of the CIP, describe the overall process and provide pertinent information for submittal. This distribution includes: the capital budget calendar, forms, instructions, written documentation, and definitions to be used in preparing their capital project budgets, including revising current project estimates and the method to add new capital projects.



## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

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Each application is required to meet certain minimum standards, including:

- Minimum estimated cost of \$50,000
- A life of at least 5 years
- Create or revitalize a fixed asset,
- And fall within the following classifications:
  - Construction of new facility,
  - Remodeling, expansion or leasing of existing facilities,
  - Purchase, improvement and development of land,
  - Operating equipment and machinery for new or expanded facilities,
  - Planning and engineering costs related to specific capital improvements, and
  - Street construction, reconstruction, resurfacing or renovation.

In addition each submittal is reviewed to see if it complies with the County Commission's current goals, which are:

- Public health, safety and welfare
- Statutory duties and/or documented public demand
- Improve efficiency, effectiveness and productivity of County functions
- Improve Criminal Justice System
- Improve and maintain county infrastructure by using new construction values
- Keep budget structurally balanced by maintaining current operation reserves percentages
- Commitment to employee retention through funding of needed wage and/or benefit adjustments
- Improve management, accountability and oversight to reduce county risk
- Commitment to implementing growth policy

To gain uniformity and clarity in capital requests each submittal is reviewed by County Staff to assure that all pertinent information is provided including:

- reason for the project,
- proposed project location and scope,
- project cost estimate and the nature of the estimate (conceptual, or definitive)
- project funding requirements by fiscal year,
- proposed project schedule and completion dates,
- anticipated operating cost impacts and management approvals.

Another tool, employed by the County Staff and CIPC, is to identify needed infrastructure improvement through a Facility Condition Inventory (FCI). The goal of the FCI is to systematically and routinely identify deferred maintenance items that exist and to assign a relative cost to these items<sup>3</sup>. At this time all facilities that have had an FCI study. The FCI prioritizes the building condition using the following criteria:

- Safety
- Damage / Wear Out
- Codes / Standards
- Environmental Improvements
- Energy Conservation
- Aesthetics
- Other (non-FCI), Renovation, Adaptive

Once the submittals are completed by the requesting party, and prior to submittal to the CIPC, they are reviewed and evaluated by the County Administrator, Project Manager, County Attorney Office and the Finance Director for completeness and accuracy. To support CIPC review of requested projects the CA and the Finance Director meet with each of the departments to determine that the proposed capital request is in accordance with the County's Comprehensive Strategic Plan and Growth Policy and contains adequate definition, cost and schedule information. Once this initial review is completed the final capital requests are then submitted to the CIPC for review and prioritization. Throughout the development process, the County Administrator and Finance Director hold regular meetings with the CIPC to keep them up-to-date, provide them with revenue projection updates, and to obtain overall policy guidance.

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<sup>3</sup> Report from Comma-Q to Ed Blackman, April 20, 2006 for the Law & Justice Building and August 28, 2006 for the Detention Center.

## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

The purpose of the CIP evaluation process is to establish an objective ranking, or priority, to the capital expenditures based on a set of criteria. These criteria and relative weighting are prepared by the CIP and included in the submittal request.

**CIP Project Evaluative Criteria and  
Rating Range for 2009 Budget**

Criteria	Score Rating Range
1. Health and safety	1 - 9
2. Commission goals	1 - 6
3. Implication of deferment	1 - 6
4. Annual recurring costs	1 - 3
5. Environmental Improvement	1 - 3
6. Community benefit	1 - 3
7. Distributional effects	1 - 3

Upon completing their review, in consultation with the CIPC, the CA and Finance Director meet with the appropriate program directors and representatives to resolve outstanding issues and ensure that all are in agreement with the current information. When projects are considered complicated, or exceed \$100,000, a Project Engineering Study may be requested by the CIP, or staff. The intent of these selected studies is to establish a clear scope, cost and schedule for a project, prior to finalizing its priority or inclusion into the annual budget.

After the CIPC process is finalized and agreement among the CIPC is reached, the information is forwarded, as a recommendation to the County Commission. The Commission is free to modify the recommendation, as they deem necessary. The Commission holds a public hearing, as part of the budget process in June, to hear comments on the Recommended CIP. After the public hearing, the Commission meets and incorporates their decisions on Capital Projects into the Preliminary Budget. The County Commission then holds work sessions and public hearings to obtain public comment. The Capital Budget is finalized as part of the Annual Operating Budget in late August of each year. Final budget documents reflecting the adopted budget and CIP are then prepared and distributed, both via hardcopy and electronic format.

**Positive results of the Capital Improvement Program and Capital Budget include:**

- Translation of the County's Strategic Plan, Growth Policy, individual Department's functional plans, and other programs and policies into tangible projects.
- Coordination of the capital projects of all County Departments so they further the implementation of long-term plans.
- Encouragement of private development (What's this mean?) in areas that conform with the county's long-term and Growth Policy.
- Providing for an objective assessment of capital budget requests, incorporating structured evaluation criteria applied on a consistent basis.
- Enabling the County Commission and the CA to plan the financing of capital and operating activities.
- Protecting the County's investment in existing facilities, where appropriate, to avoid the higher cost of rehabilitation and/or replacement associated with deferment.
- Fostering economies of scale through inter-jurisdictional cooperation.
- Promoting of economic development and its inherent contributions.

### CAPITAL BUDGET AND ITS IMPACT ON FUTURE OPERATING BUDGETS

Whenever the County commits to a CIP plan, there is an associated long-range commitment of operating funds. For this reason, it is important to evaluate capital commitments in the context of their long-range operating impact. Most capital projects affect future operating budgets either positively or negatively due to an increase or decrease in maintenance costs, debt obligation or by providing capacity for new programs to be offered. Such impacts vary widely from project to project and, as such, are evaluated individually during the process of assessing project feasibility. The five-year financial forecast also provides an opportunity to review the operating impact of growth-related future capital projects.

The operating impact of capital projects is analyzed and taken into consideration during the extensive CIP prioritization process. Estimated new revenues and/or operational efficiency savings associated with projects are also taken into consideration (net operating costs). Departmental staff plan and budget for significant start-up costs, as well as operation and maintenance of new facilities. The cost of operating new or expanded facilities or infrastructure is included in the operating budget in the fiscal year the asset becomes operational. Debt service payments on any debt issued for capital projects is also included in the operating budget.

### LINKAGE

Gallatin County conducts various planning processes (long-term, mid-term and short-term), to help guide the government and to insure that decisions are made in the context of the organization as a whole and with a long-term perspective. Diligent efforts are made to insure each of these component planning processes coordinate with one another. This so called “Linkage” is paramount to insure short-term decisions are consistent with the overriding values embodied in the mid-term and long-term planning processes adopted by the County Commission. This required linkage dictates that the CIP be developed within the context of, and consistent with, the county’s long-term and mid-term plans.

Each element of the county’s planning process has a different purpose and timeframe. The Strategic Plan, Vision, Mission, Long-term Goals and Growth Policy are the most far-reaching in nature — 20 to 25 years. The Capital Improvement Program and the Five-Year Financial Forecast are mid-term in nature — 5 years. The Annual Operating Budget and the Capital Budget are short-term — covering a one (1) year timeframe. The most important aspect is that they are coordinated and correspond with one another.

### FUNDING SOURCES FOR CIP AND CAPITAL BUDGET

A variety of funding sources are available to finance the Capital Improvement Program and Capital Budget. As noted before, capital projects, unlike operating expenses that recur annually, only require one-time allocations for a given project. This funding flexibility allows the County to use financing and one-time revenue sources to accelerate completion of critical projects.

In general capital investments can be divided into two categories, Minor and Major expenditures. The following descriptions outline the importance of this distinction:

**Minor Capital Projects.** Minor capital projects or recurring capital projects, which primarily benefit current residents, will be financed from current revenues. Minor capital projects or recurring capital projects represent relatively small costs of an on-going nature, and therefore, should be financed with current revenues rather than utilizing debt financing. This policy also reflects the view that those who benefit from a capital project should pay for the project.

**Major Capital Projects.** Major capital projects, which benefit future residents, will be financed with other financing sources (e.g. debt financing). Major capital projects represent large expenditures of a non-recurring nature which primarily benefit future residents. Debt financing provides a means of generating sufficient funds to pay for the costs of major projects. Debt financing also enables the costs of the project to be supported by those who benefit from the project, since debt service payments will be funded through charges to future residents.

## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

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All potential capital funding resources are evaluated to ensure equity of funding for the CIP. Equity is achieved if the beneficiaries of a project or service make payment. For example, general tax revenues and/or General Obligation Bonds appropriately pay for projects that benefit the general public as a whole. User fees, development fees, and/or contributions pay for projects that benefit specific users. The following summarizes the funding sources for the CIP.

### Project Financing Sources:

<b>General Fund:</b>	The County's general fund is available for use for any expenditure deemed to be in the public interest by the Gallatin County Commission.
<b>State Revenues:</b>	The County receives various payments from the State of Montana for different purposes. A portion of Gas Tax revenues is earmarked for material costs of road projects.
<b>Grants/Donations:</b>	This funding source consists of Federal grants, State grants, and donations by citizens and businesses where the money is passed through the County.
<b>CTEP:</b>	Federal grants primarily directed towards improving or expanding non-motorized transportation.
<b>General Obligations Bonds:</b>	Bonds for which the full faith and credit of the County is pledged. G.O. Bonds require voter approval.
<b>Loans:</b>	Received through Local Financing or Board of Investments Bond Program.
<b>Special Assessments &amp; Other Debt:</b>	Special Assessments are charges against certain properties to defray the cost of infrastructure improvements deemed primarily to benefit those properties. Also included are Revenue bonds where the debt service payments are paid for exclusively from the project earnings and Assessments.
<b>User Fees:</b>	User fees are charges for county services where the benefits received from such services can be directly and efficiently applied to those who receive the benefits.
<b>Park Acquisition &amp; Development Fund:</b>	This funding is set up to account for funding that developer's pay to the County instead of donating park-land when they are subdividing bare land.
<b>Other &amp; Private:</b>	This funding source represents other miscellaneous categories.

## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

Listed below are the capital items included in this year's Annual Budget, together with projected impacts on future operating budgets.

<b>FY 2010 - PRELIMINARY CAPITAL OUTLAY / CAPITAL PROJECT LISTING</b>		
<b>DEPARTMENT</b>	<b>DESCRIPTION</b>	<b>PRELIMINARY BUDGET</b>
Administrator		\$ -
Bridge	Excavator (Reserve)	30,000
Bridge	Front End Loader	48,000
CIP - Prior Commitment	Dispatch Building & Equipment	1,606,150
CIP - Prior Commitment	Mental Health Building	1,000,000
CIP - Prior Commitment	Detention Center Replacement	31,500,000
Clerk & Recorder - Records		-
Clerk & Recorder - Elections	Reserve	-
Coroner	Reserve	6,000
DES		-
Extension	Reserve	2,500
Fair - Ag Center Reserve	Building - Reserve	15,000
Fair - Ag Center Reserve	Building - Reserve	7,000
Fair	Roadway and Parking Impr.	7,215
Fair	Computer	-
Fair	Facility Improvements	4,625
Fair	Replace Equipment	26,657
Finance	Computer/Printer Reserve	2,500
Finance - Accounting	Reserve	3,500
Fire	Vehicle Reserve	10,000
General Fund -- Miscellaneous		-
GIS	Equipment Reserve	8,115
Grant Administration		-
Haz-Mat	Vehicle Reserve	-
Health - Admin.	Reserve	32,845
Health - Environmental	Reserve GIS/GPS/tablets	17,300
Health - Human Services	Reserve	16,722
Human Resources		-
ITS		-
Joint Dispatch - Records	Digital Records System	35,000
Justice Court	Equipment Reserve	20,300
Library Fund		-
Mental Health		-
Noxious Weed	Equipment	1,789
Planning		-
Rest Home - Administration	Air Control / HVAC Improvement	52,560
Rest Home - Administration	Computers	20,000
Rest Home - Administration	Kronos Time Clock	4,455
Rest Home - Administration	Vehicle Reserve	40,000
Rest Home - Administration	Misc items and Reserve	273,680
Road - Operations	Crusher Jaws (reserve)	90,000
Road - Operations	Rock Piling Conveyor	25,500
Road - Operations	Rock Piling Conveyor	25,500
Road - Operations	Dump Truck / Snow plow with wing	41,000
Road - Operations	Medium Duty tilt bed trailer	6,200
Road - Operations	Flush Truck	14,230
Road - Operations	Large Mechanical Sweeper broom	22,145
Road - Operations	Deicer Unit	1,330
Road - Operations	Combo Sander Deicer Unit	4,300
Road - Operations	10,000 gallon deicer strg tnk	795
Road - Operations	Misc items and Reserve	55,136
Road - Operations		-



# CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

FY 2010 - PRELIMINARY CAPITAL OUTLAY / CAPITAL PROJECT LISTING		
DEPARTMENT	DESCRIPTION	PRELIMINARY BUDGET
Safety Comm. - Recruit / Retain		-
Senior Programs		-
Sheriff - Big Sky	Expedition	48,000
Sheriff - Law Enforcement	Federal Grant - MDT systems	44,715
Sheriff - Law Enforcement	Federal Grant - Command Vehicle	267,000
Sheriff - Search & Rescue	Emergency Expenditures	24,000
Sheriff - Search & Rescue	W. SAR Building	50,000
Sheriff - Search & Rescue	Big Sky SAR - Gen,	7,000
Sheriff - Search & Rescue	Landscape/Sprinkler	2,500
Sheriff - Search & Rescue	Big Sky SAR - Steam washer	5,000
Sheriff - Search & Rescue	West ATV 4 Wheeler	8,000
Sheriff - Search & Rescue	Misc items and Reserve	5,000
Supt. Of Schools		-
Three Forks Airport	Capital Reserves	22,000
Three Forks Airport	Tractor	80,000
Treasurer - Treasury		-
Treasurer - Motor Vehicle		-
		-
<b>TOTAL</b>		<b>\$ 34,810,814</b>
Grant, Special District and Enterprise Funds		
Cemetery Districts	Equipment	36,500
Attorney - Victim Witness	Reserve	18,170
		-
Cemetery Districts	Equipment	-
C & R Records Preservation	Reserve	310,391
C & R Records Preservation	Computers	25,000
C & R Records Preservation	Remodel - Courthouse Annex	20,000
C & R Records Preservation	Mobile Storage Shelving	40,000
C & R Records Preservation	Backup Generator - Courthouse	140,000
C & R Records Preservation	File Cabinets	5,000
C & R Records Preservation	Copier	15,000
C & R Records Preservation		-
C & R Records Preservation		-
Communications	Telephone Reserve	300,000
Conservation	Equipment	-
Copier Reserve	Commission	21,500
Copier Reserve	Fair	15,000
Copier Reserve	Clerk & Recorder	1,400
Copier Reserve	Clerk of District Court	870
Copier Reserve	Environmental Health	20,000
Copier Reserve	Human Resources	6,500
Copier Reserve	Human Services (Nursing)	12,500
Copier Reserve	Planning	26,000
CTEP - CDBG		632,061
DUI Task Force	Reserve	-
Economic Development		-
Facilities - Admin.	Computer H-9	1,750

# CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

FY 2010 - PRELIMINARY CAPITAL OUTLAY / CAPITAL PROJECT LISTING		
DEPARTMENT	DESCRIPTION	PRELIMINARY BUDGET
Manhattan Fire	Pagers	1,000
Manhattan Fire	Bunker Gear	2,500
Manhattan Fire	Misc. Equipment	2,500
Manhattan Fire	Storage Building	1,500
Manhattan Fire	Physical Training	2,000
Manhattan Fire	Tool Box	1,000
Manhattan Fire	SCBA Bottle Containment Fill Station	3,000
Manhattan Fire	5 Inch Darley LDH	8,000
Manhattan Fire	2.5 Inch Darley Cord 800	2,065
Manhattan Fire	1.75 inch Darley Cord 800	1,000
Manhattan Fire	1.2 Nozzles	1,750
Manhattan Fire	2.5 Nozzles	1,200
Manhattan Fire	Blitz Monitor	3,850
Manhattan Fire	Foam System	7,700
Manhattan Fire	Tender Reserve	180,991
Amsterdam Fire	Water Tender	190,000
Three Forks Fire	Digital Hand Held Radios	16,000
Three Forks Fire	Transport Vehicle	48,000
Forest Receipts (Title III)		-
Health - Cancer Prevention	Reserve	5,000
Health - Cancer Prevention	Grant Reserve	14,730
Health - Commun. Disease	Reserve	93,792
Health - Commun. Disease	Computers	4,200
Health - MCH	Reserve	10,229
Health - Preparedness	4 - Laptops	10,000
Health - Preparedness	Laptops / Tablets	20,050
Health - Preparedness	Reserve	75,200
Joint Dispatch - State 9-1-1	Equipment, repeater sites etc.	1,417,718
Local Water Quality	Reserve	6,000
Madison Dyke	Dike Emergency Repairs	30,000
Mosquito	Reserve	2,000
Motor Pool	Capital Reserves	24,500
Noxious Weed	Sprayer Unit	7,500
Noxious Weed	Flat Bed for sprayer unit	2,000
Open Land Board / Acquisition		4,604,238
Park	Regional Park Buildings	105,000
Park	Improvements other than Bldgs	299,000
PILT	Emergency Computer Replacement	36,000
PILT - ITS	FY 09 Replacement Serv., etc.	213,941
PILT - ITS	Carry over FY 08	165,000
Revolving Funds		-
RID Construction		331,224
Road - Impact	Reserve	-
Road - Junk Vehicle Cap Res.	Reserve	37,053
Other Districts	Equipment Reserve	116,623
Special Districts	Various items	598,633
Central Valley Fire	Building, Equipment, Truck	1,401,832

# CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

## FY 2010 - PRELIMINARY CAPITAL OUTLAY / CAPITAL PROJECT LISTING

DEPARTMENT	DESCRIPTION	PRELIMINARY BUDGET
Solid Waste District - GCSWD	Copier	10,000
Solid Waste District - GCSWD	Land Purchase	180,635
Solid Waste District - GCSWD	Equipment	904,214
Solid Waste District - GCSWD	Next Cell	550,000
Solid Waste District - GCSWD	Land Purchase	2,250,000
Solid Waste District - GCSWD	HHW Building at Logan	35,000
Solid Waste District - GCSWD	Fencing	65,000
Solid Waste District - GCSWD	963 Truck	350,000
Solid Waste District - GCSWD	Pickup	30,000
Solid Waste District - GCSWD	Pickup	30,000
Solid Waste District - GCSWD	Dump Truck	45,000
Solid Waste District - GCSWD	Computer	2,500
Solid Waste District - GCSWD	Gravel	20,000
Solid Waste District - GCSWD	Computer	2,500
Solid Waste District - GCSWD	Recycle Bins	16,000
Solid Waste District - GCSWD	Skid Steer	14,000
Solid Waste District - GCSWD	Bozeman Conv. Site Loader	150,000
Solid Waste District - GCSWD	Dumpsters	38,000
Solid Waste District - GCSWD	Z Wall Construction	50,000
Solid Waste District - HWYRD	Completion of work	85,000
		<b>16,616,011</b>
<b>TOTAL</b>		<b>52,257,275</b>

## REVIEW PROCESS

In the Spring, prior to the start of year-end activity, the Finance Director and designated Project Manager conduct reviews of each project contained in the current year's Capital Budget. The review allows the County:

- To identify projects with excess appropriations that might be subject to reallocation.
- To identify projects with total expenditures and encumbrances exceeding the current appropriation that might require additional appropriations.

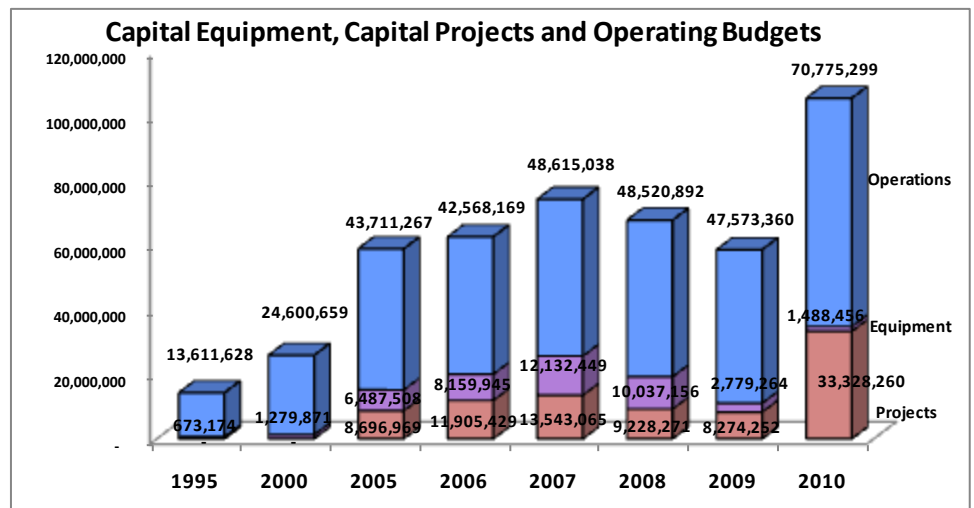
Relevant findings are forwarded to each of the project managers to provide an opportunity for feedback. This layer of review provides timely and quantitative information regarding each department's capital projects and the foresight necessary for the planning process for the upcoming fiscal year.

## CAPITAL EXPENDITURES CONTRASTED WITH TOTAL COUNTY OPERATING EXPENDITURES

The investment by the County in its capital and infrastructure is of primary importance to insure the long-term viability of service levels. The amount of capital expenditures in relation to the total county budget is a reflection of the County's commitment to this goal.

Gallatin County strives to provide adequate maintenance of capital, plant, and equipment and for their orderly replacement. All governments experience prosperous times as well as periods of economic decline. In periods of economic decline, proper maintenance and replacement of capital, facilities, and equipment is generally postponed or eliminated as a first means of balancing the budget. Recognition of the need for adequate maintenance and replacement of capital, facilities, and equipment, regardless of the economic conditions, will assist in maintaining the government's equipment and infrastructure.

The graph below illustrates Gallatin County's historical investment in capital. The graph depicts actual capital expenditures over the last five years as compared to the county's operating budget. Obligor resources to capital investment is appropriate for a growing community as Gallatin County strives to meet level of service standards identified in the Strategic Plan and community outcomes identified in the Growth Management Plan.

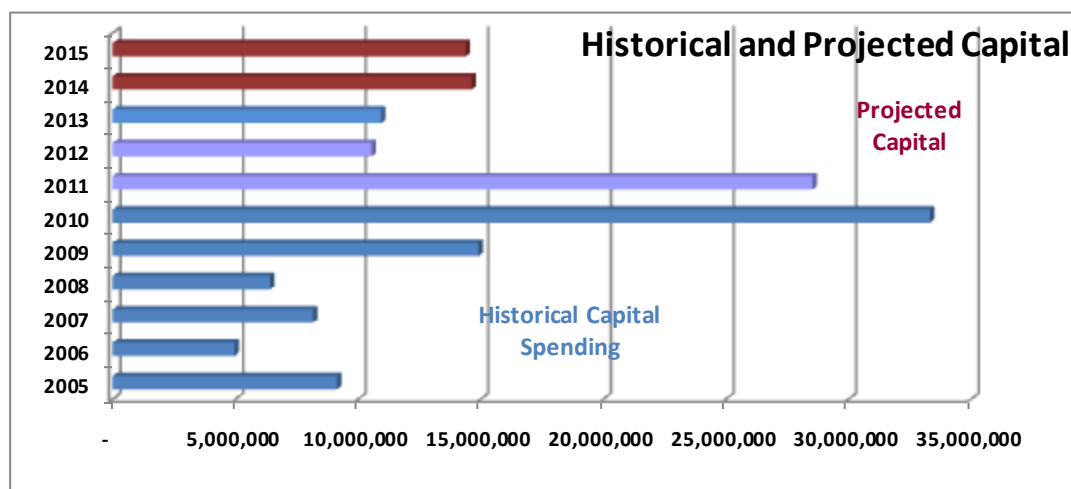
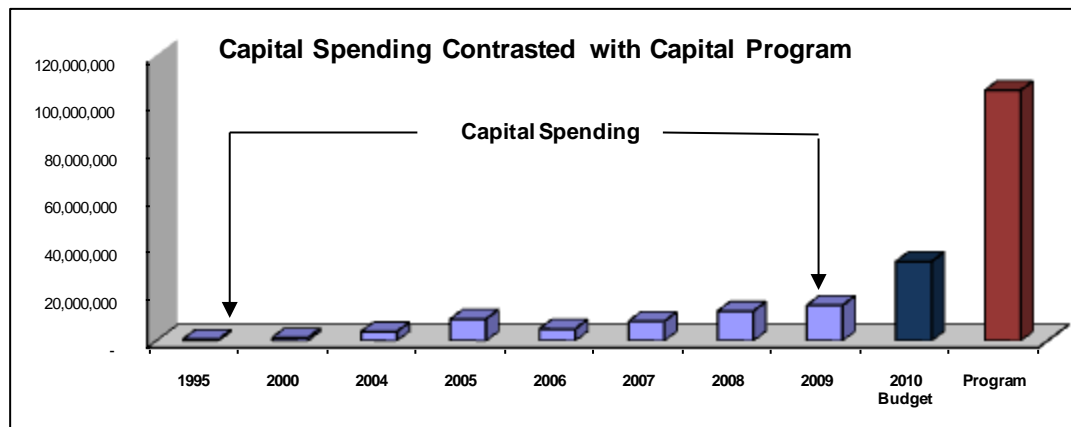


## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

### CAPITAL IMPROVEMENT PROGRAM (NEXT FIVE YEARS) CONTRASTED WITH HISTORICAL CAPITAL SPENDING (PREVIOUS FIVE YEARS)

Another indicator of Gallatin County's commitment to providing for the adequate maintenance of capital, facilities, and equipment and for their orderly replacement, is the level of projected capital spending over the next five years as compared to the previous five-year period. This information is useful to the County Commission in their deliberations when determining which items will be included in the Capital Budget. This information also helps the County Commission make decisions with a long-term perspective.

Shown below is a graph which contrasts historical capital spending (last five years) with the capital spending identified in the Capital Improvement Program (the next five years).



## CAPITAL IMPROVEMENT POLICIES

Gallatin County has developed a set of financial management policies that cover all aspects of its financial operations. These and other policies are reviewed periodically by the County Administrative Office, the Finance Director and the County Commissioners are detailed in the Executive Summary section of this document. Policies on capital improvements are one component of those financial policies. Listed below are excerpts from those policies, which relate specifically to capital improvements.

### CAPITAL IMPROVEMENT PROGRAM (CIP) Formulation.

- 1) **CIP Purpose.** The purpose of the CIP is to systematically plan, schedule, and finance capital projects to ensure cost-effectiveness as well as conformance with established policies. The CIP is a five-year plan organized into the same functional groupings used for the operating programs. The CIP will reflect a balance between capital replacement projects that repair, replace or enhance existing facilities, equipment or infrastructure; and capital facility projects that significantly expand or add to the County's existing fixed assets.
- 2) **CIP Criteria.** Construction projects and capital purchases of \$10,000 or more will be included in the Capital Improvement Plan (CIP); minor capital outlays of less than \$10,000 will be included in the regular operating budget. The Capital Improvement Plan (CIP) differentiates the financing of high cost long-lived physical improvements from low cost "consumable" equipment items contained in the operating budget. CIP items may be funded through debt financing or current revenues, while operating budget items are annual or routine in nature and should only be financed from current revenues.
- 3) **Deteriorating Infrastructure.** The capital improvement plan will include, in addition to current operating maintenance expenditures, adequate funding to support repair and replacement of deteriorating infrastructure and avoidance of a significant unfunded liability.

### Project Financing.

- 1) **Minor Capital Projects.** Minor capital projects or recurring capital projects, which primarily benefit current residents, will be financed from current revenues. Minor capital projects or recurring capital projects represent relatively small costs of an on-going nature, and therefore, should be financed with current revenues rather than utilizing debt financing. This policy also reflects the view that those who benefit from a capital project should pay for the project.
- 2) **Major Capital Projects.** Major capital projects, which benefit future residents, will be financed with other financing sources (e.g. debt financing). Major capital projects represent large expenditures of a non-recurring nature which primarily benefit future residents. Debt financing provides a means of generating sufficient funds to pay for the costs of major projects. Debt financing also enables the costs of the project to be supported by those who benefit from the project, since debt service payments will be funded through charges to future residents.

## **2010 Capital Construction Projects**

### **Progreba Field – Three Forks Airport - Completed**

#### **Estimated Project Costs**

Budget:	\$544,004	Actual Cost: \$502,909
Revenue:		
	Federal FAA	\$519,004
	State	12,500
	Local	12,500

#### **Status - Closed**

#### **Description**

This project is for the fencing of the airport boundaries to increase security and safety. A grant application was approved through the Federal Aviation Administration which paid 95% of the project costs for the project installation of a Perimeter Fence around the Airport runways. After 9-1-1 it was required that all airports small and large install perimeter fencing around the runways.

#### **Current Status**

Installation of the Automated Weather Reporting Station was completed in October 2007 by Potomac Aviation Technology Corporation and fencing is being designed with full implementation by December 2008.

#### **Future Budget Impact**

The fencing replacement, repair and maintenance is minimal with all estimated expenses being absorbed within current operational budget.



### **Open Space Acquisition - FUNDED**

#### **Estimated Project Costs**

Budget: \$4,608,238

#### **Revenue Source**

Bond Proceeds \$4,608,238

#### **Status – Active**

#### **Description**

Open Space Bond Fund was approved through two ballot measures by the voters in 2000 and 2004. It authorizes the County to expend up to \$20,000,000 on the purchase of land and conservation easements and the administration and maintenance thereof.

#### **Current Status**

With the Open Space Bond fund the County has purchased three community parks and 23 conservation easements that equate to roughly 45 square miles of land conserved. We have leveraged all the funds expended to date at approximately 21% of the total value of all land interests acquired. In FY 2010 the County has committed to funding four conservation easements with an estimated value at \$2.1 million.

#### **Future Budget Impact**

There is approximately \$6.5 million in spending authorization remaining in the Open Space Bond Fund. The County anticipates completing six projects in FY 2010 that will expend approximately \$4.0 million of the Bond funds.



## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET

### Dispatch Building and Equipment- FUNDED

#### Estimated Project Costs

Budget:	\$3,000,000
Building	1,700,000
Equipment	1,800,000

#### Revenue Sources

Loan	\$1,000,000
State 9-1-1	500,000

Capital Projects 2,000,000

#### Status – Active

The project has been designed, a construction manager contracted with and over 20 scheduled bid. Currently the Construction Manager is negotiating with the successful bidder for reductions in prices, since costs are \$200,000 over the amount budgeted.



#### Description

The County Dispatch/Law Enforcement Records is currently located at the Law and Justice Center and has very limited space with no room for expansion. The County Commission approved the construction of a new facility in 2007 after the public voted that operations be funded under the Public Safety Fund.

#### Current Status

Construction of approximately 5,000 sq.ft. is still ready for construction with completion estimated within twelve months of bid awards. The site selected for construction was at the County Regional Park, and will be in conjunction with the City of Bozeman new Fire Station.

#### Future Budget Impact

Estimated costs to operate new facility are for utilities \$46,000, janitorial \$18,000, landscape maintenance \$5,000, equipment repair and maintenance (radios, dispatch console etc) \$183,000, and miscellaneous other expenses at \$15,000. Actual increase costs are estimated at between \$75,000 to \$100,000 depending negotiated agreements.

## **Mental Health - Building - FUNDED**

### **Estimated Project Cost**

Budget: \$3,000,000

### **Revenue Sources**

Loan	\$1,000,000
Mental Health Funds	1,500,000
Land Donation	500,000

### **Status – Active**

### **Description**

The project is to construct a Mental Health Facility to bring the diverse activities funded by the County under one roof. Bozeman Deaconess Hospital has agreed to donate/lease property in close proximity to the Hospital. The facility will expand services available within the county by including construction of crisis and stabilization beds. The County will avoid costs associated with transporting individuals to other locals for these services.

### **Current Status**

The Western Mental Health Association is formalizing specifications and programs in anticipation of construction during FY 2010.

### **Future Budget Impact**

The County is responsible for loan repayment with an estimated cost of \$135,000 per year for ten years. The County will see a decrease in transportations estimated at \$12,000 for fuel and miscellaneous costs. In addition, the County will see a decrease in time spent by deputy sheriff's for these transports.



### **Road / Bridge Shop - Completed**

#### **Estimated Project Cost**

Budget: \$2,300,000

Actual Cost: \$ \$2,044,388

#### **Revenue Sources**

Loan \$1,300,000

Revenue set aside 1,000,000

#### **Status - Closed**

#### **Description**

The project replaces a 70 year old facility currently located next to the County Fairgrounds, in the heart of Bozeman. The facility will incorporate energy savings and increase the departments capability by having updated facilities.

#### **Current Status**

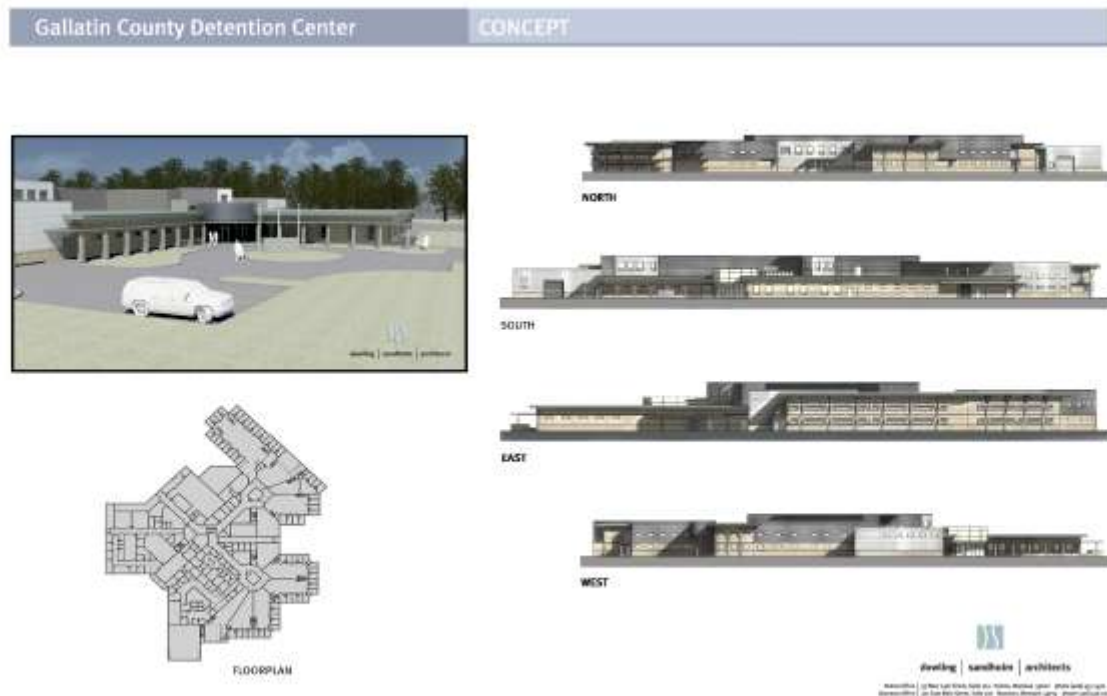
The project is in final construction phase, with completion anticipated by August 15, 2008. The project is within budget and has seen minor weather related delays. Engineer has prepared cost estimates for ongoing operational expenses.

#### **Future Budget Impact**

Engineer estimates show a savings for utilities of between \$20,000 and \$30,000 based on current utilization. No staff increases are anticipated or planned for from the construction of the new facility.



## CAPITAL IMPROVEMENT PROGRAM & CAPITAL BUDGET



### Detention Center - Budgeted

#### Estimated Project Costs:

Budget: \$37,580,939

Square Feet: 90,000

#### Revenue Source:

Bond	\$32,000,000
Mill Levy	4,500,000
Capital Reserves	1,080,939

#### Description

Construct and furniture 140 Bed new detention center on the Law and Justice Campus. This will replace the current inadequate 44 bed facility. Bond was secured and construction is underway, with significant completion schedule for Dec 2010 and occupancy in the first quarter of 2011.

#### Current Status:

The project is in the construction phase with a Project Manager hired, a Contractor at Risk contracted with. The construction project is on time and within budget at this time.

### **Future Budget Impact:**

Estimated increases in costs include (employment to begin winter of 2010)

- Hiring or contracting with 32 employees (estimated cost \$1.0 million) \$3,000
- Utilities = \$76,700
- Maintenance = \$35,000
- Medical \$250,000
- Other = \$70,500

Funding is built into current taxes of \$1.5 million that are being used for construction of this project but will be available for the increased operating costs with FY 2010.